REMARKS/ARGUMENTS

Applicants respectfully request further examination and reconsideration in view of the instant response. Please cancel Claims 7, 14, and 21. Claims 1-6, 8-13, and 15-20 remain pending in the Application. Claims 1, 8, and 15 are amended herein. No new matter is added as a result of the Claim amendments. Support for the amendments of Claims 1, 8, and 15 can be found at least at pages 39, line 10 thru page 42, line 18.

35 U.S.C. § 103 Rejections

Claims 1-21 are rejected under 35 U.S.C. § 103(a) as being anticipated by Rackson et al. (U.S. Patent No. 6,415,270), hereinafter referred to as "Rackson" in view of Bishop et al. (U.S. Patent No. 6,556,960), hereinafter referred to as "Bishop." Applicants have reviewed the cited references and respectfully submit that the embodiments recited in Claims 1- 6, 8-14, and 15-20 are patentable over Rackson in view of Bishop for at least the following rationale. Applicants respectfully direct attention to independent Claim 1 as currently amended that recites (emphasis added):

A method for determining an optimal bid for an item in a market, said method comprising:

    a) selecting characteristics of said market;

    b) selecting a bidding model;

    c) estimating a structure of said market, wherein unobservable variables are expressed in terms of observable bids by inverting said bidding model;

    d) determining a bid function; and

    e) determining said optimal bid wherein said optimal bid is calculated based upon a received evaluation criteria and said bid function.

Independent Claims 8, and 15 include similar recitations. Claims 2-6 that depend from independent Claim 1, Claims 9-13 that depend from independent Claim 8, and Claims 16-20 that depend from independent Claim 15 also include these recitations.

Applicants respectfully assert that the combination of Rackson and Bishop does not teach, describe or suggest the embodiments claimed because the combination of Rackson and Bishop does not satisfy the requirements of a *prima facie* case of obviousness.

"As reiterated by the Supreme Court in KSR, the framework for the objective analysis for determining obviousness under 35 U.S.C. 103 is stated in Graham v. John Deere Co., 383 U.S. 1, 148 USPQ 459 (1966). Obviousness is a question of law based on underlying factual inquiries" including "[a]scertaining the differences between the claimed invention and the prior art" (MPEP 2141(II)). "In determining the differences between the prior art and the claims, the question under 35 U.S.C. 103 is not

whether the differences <u>themselves</u> would have been obvious, but whether the claimed invention <u>as a whole</u> would have been obvious" (emphasis in original; MPEP 2141.02(I)). Applicants note that "[t]he prior art reference (or references when combined) need not teach or suggest all the claim limitations, however, <u>Office personnel must explain why the difference(s) between the prior art and the claimed invention would have been obvious to one of ordinary skill in the art</u>" (emphasis added; MPEP 2141(III)).

Applicants respectfully submit that Rackson in view of Bishop does not teach or suggest, "<u>estimating a structure of said market, wherein unobservable variables are expressed in terms of observable bids by inverting said bidding model</u>," (emphasis added) as recited by Claim 1 and similarly in Claims 8, and 15. Applicants further submit that Rackson in view of Bishop does not teach or suggest "determining said optimal bid <u>wherein said optimal bid is calculated based upon a received evaluation criteria and said bid function</u>," (emphasis added) as recited by Claim 1 and similarly in Claims 8, and 15.

The Applicants respectfully submit that Rackson does not teach or suggest inverting a bidding model to express unobservable variable in terms of observable bids as recited in Claims 1, 8, and 15 of the present invention. In the rejection of Claims 4, 11, and 18, column 18, lines 53-63 of Rackson are cited. The cited reference states:

> This information may be statistically analyzed to determine the remote auction services that have the most activity for a class of items, such that only those remote auction services that have significant activity or have provided winning bidders are used in following auctions for similar items. The historical data may also be analyzed to determine the best time of the year, month, week or day to begin and end auctions for a particular type of item. Descriptive information included by the seller may be analyzed to determine the best descriptive text yielding the best closing bid for prior seller offering similar items for auction.

The Applicants respectfully submit that the cited reference does not teach or suggest expressing unobserved variables in terms of observable bids, or inverting a bidding model as recited in Claims 1, 8, and 15 of the present invention.

Moreover, Applicants submit that Bishop does not overcome shortcomings of Rackson. Applicants submit that Bishop does not teach or suggest a modification to Rackson that remedies the deficiencies of Rackson noted above. More specifically, Bishop does not teach, describe or suggest, "<u>estimating a structure of said market, wherein unobservable variables are expressed in terms of observable bids by inverting said bidding model</u>," (emphasis added) as recited by Claim 1 and similarly in Claims 8, and 15. Applicants respectfully submit that Bishop is silent to inverting a bidding model to express unobservable variables in terms of observable bids.

In the absence of a suggestion from one of, or the combination of, Rackson or Bishop, Applicants submit that the Rejection has not explained why the difference(s) between the prior art and the claimed embodiments would have been obvious to one of ordinary skill in the art. Referring to column 1, lines 25-

65, the Applicants do not understand Bishop to teach inverting a bidding model to express unobservable variables in terms of observable bids. Referring now to column 2, lines 22-33, the Applicants again do not understand Bishop to teach inverting a bidding model to express unobservable variables in terms of observable bids. Finally, with reference to column 5, lines 35-60, the Applicants do not understand Bishop to teach inverting a bidding model to express unobservable variables in terms of observable bids. As postulated by the Rejection, it would have obvious to modify the teaching of Rackson to include the teaching of Bishop. However, none of the cited references teaches inverting a bidding model to express unobservable variables in terms of observable bids. Therefore, the Applicants respectfully submit that the Rejection does not provide a clearly articulated reason to explain why "...unobservable variables are expressed in terms of observable bids by inverting said bidding model," (as recited in Claim 1) would have been obvious to one of ordinary skill in the art at the time when Bishop is silent with regard to this recited Claim limitation. As such, Applicants submit that the Rejection has not met its burden of establishing the prima facie obviousness of Claim 1 (and similarly Claims 8, and 15). More specifically, Applicants submit that the Rejection fails to explain "why the difference(s) between the prior art and the claimed invention would have been obvious to one of ordinary skill in the art" as required in MPEP 2141(III).

Applicants further submit that it would not have been obvious to modify the teaching of Rackson with the teaching of Bishop. For example, Bishop teaches in column 2, lines 28-33: "The method determines a distribution for the unobservable variables that approximates the exact posterior distribution, based on the structure for the graph for the model, as well as the functional form for the conditional distributions of the model." Applicants understand the teaching of Bishop to suggest that the functional form of the conditional distributions has to be input to Bishop's method. Applicants respectfully submit that this cannot be done without some method to represent the relation between the observable bids and the unobservable bids. However, this may not be possible unless Bishop first performs the actions recited in Claim 1. Applicants request clarification as to "why the difference(s) between the prior art and the claimed invention would have been obvious to one of ordinary skill in the art," as required in MPEP 2141(III), in light of the teaching of Bishop.

In view of the combination of Rackson in view of Bishop not satisfying the requirements of a prima facie case of obviousness, Applicants respectfully submit that independent Claims 1, 8, and 15 overcome the rejection under 35 U.S.C. § 103(a), and that these claims are thus in a condition for allowance. Applicants respectfully submit the combination of Rackson in view of Bishop also does not teach or suggest the additional claimed features as recited in Claims 2-6 that depend from independent Claim 1, Claims 9-13 that depend from independent Claim 8, and Claims 16-20 that depend from independent Claim 15. Therefore, Applicants respectfully submit that Claims 2-6, 9-13, and 16-20 also

overcome the rejection under 35 U.S.C. § 103(a), and are in a condition for allowance as being dependent on an allowable base claim.

CONCLUSION

In light of the above remarks, the Applicants respectfully request reconsideration of the rejected Claims.

Based on the arguments presented above, the Applicants respectfully assert that Claims 1-6, 8-13, and 15-20 overcome the rejections of record and, therefore, the Applicants respectfully solicit allowance of these Claims.

The Applicants have reviewed the references cited but not relied upon. The Applicants did not find these references to show or suggest the present Claimed invention: U.S. Patent No. 6,021,398, U.S. Patent No. 6,366,891, U.S. Patent No. 6,161,099, U.S. Patent No. 6,629,082, U.S. Patent No. 6,131,087, U.S. Patent No. 5,101,353, U.S. Patent No. 7,096,197, U.S. Patent No. 6,871,190, U.S. Patent No. 6,285,989, U.S. Pub. No. 2002/0042769.

The Examiner is invited to contact Applicants' undersigned representative if the Examiner believes such action would expedite resolution of the present Application.

Respectfully submitted,

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